

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 8955	Department California Department of Veterans Affairs	Priority No. 001
Budget Request Name 8955-301-BCP-DP-2016-A1		Program 6995 – Veteran Claims & Rights	Subprogram 010 – Claims Representation

Budget Request Description
Veteran Services Division Support

Budget Request Summary

This proposal requests an augmentation of \$1.707 million General Fund in Budget Year 2016-17 and \$1.701 million General Fund annually thereafter for the California Department of Veterans Affairs, Veteran Services Division to fund 16.0 existing, but unfunded, positions and to reclassify 4.0 positions that will assist in processing claims for federal veteran benefits and increase oversight of county veterans service officers. The funding and positions will support the District Offices in Los Angeles, Oakland, and San Diego and is critical to CalVet's mission to ensure that California's veterans receive proper claims representation as well as receive their awards in a timely manner.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>[Signature]</i> Angela Yamamoto, Operations Manager, Veteran Services Division	Date <i>3/29/16</i>	Reviewed By <i>[Signature]</i> Keith Boylan, Deputy Secretary, Veteran Services Division	Date <i>3/29/16</i>
Department Director <i>[Signature]</i> Russell A. Atterberry Undersecretary	Date <i>28 MAR 2016</i>	Agency Secretary <i>[Signature]</i> Vito Imbasciani MD	Date <i>28 March 2016</i>

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: ☐ Policy ☒ Workload Budget per Government Code 13308.05

PPBA *[Signature]* Date submitted to the Legislature *4/1/16*

BCP Fiscal Detail Sheet

BCP Title: Veteran Services Division Support

DP Name: 8955-301-BCP-DP-2016-A1

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Salaries and Wages						
Earnings - Permanent	0	1,025	1,025	1,025	1,025	1,025
Total Salaries and Wages	\$0	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025
Total Staff Benefits	0	568	568	568	568	568
Total Personal Services	\$0	\$1,593	\$1,593	\$1,593	\$1,593	\$1,593
Operating Expenses and Equipment						
5301 - General Expense	0	33	27	27	27	27
5302 - Printing	0	3	3	3	3	3
5304 - Communications	0	11	11	11	11	11
5306 - Postage	0	5	5	5	5	5
5320 - Travel: In-State	0	7	7	7	7	7
5322 - Training	0	16	16	16	16	16
5324 - Facilities Operation	0	8	8	8	8	8
5326 - Utilities	0	5	5	5	5	5
5340 - Consulting and Professional Services - Interdepartmental	0	16	16	16	16	16
5344 - Consolidated Data Centers	0	2	2	2	2	2
5346 - Information Technology	0	8	8	8	8	8
Total Operating Expenses and Equipment	\$0	\$114	\$108	\$108	\$108	\$108
Total Budget Request	\$0	\$1,707	\$1,701	\$1,701	\$1,701	\$1,701

Fund Summary

Fund Source - State Operations						
0001 - General Fund	0	1,707	1,701	1,701	1,701	1,701
Total State Operations Expenditures	\$0	\$1,707	\$1,701	\$1,701	\$1,701	\$1,701
Total All Funds	\$0	\$1,707	\$1,701	\$1,701	\$1,701	\$1,701

Program Summary

Program Funding						
6995010 - Claims Representation	0	1,707	1,701	1,701	1,701	1,701
Total All Programs	\$0	\$1,707	\$1,701	\$1,701	\$1,701	\$1,701

Personal Services Details

Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4
4159 - Assoc Mgmt Auditor (Eff. 07-01-2016)	0	134	134	134	134	134
4800 - Staff Svcs Mgr I (Eff. 07-01-2016)	0	-214	-214	-214	-214	-214
4801 - Staff Svcs Mgr II (Supvry) (Eff. 07-01-2016)	0	235	235	235	235	235
5393 - Assoc Govtl Program Analyst (Eff. 07-01-2016)	0	870	870	870	870	870
Total Salaries and Wages	\$0	\$1,025	\$1,025	\$1,025	\$1,025	\$1,025
Staff Benefits						
5150150 - Dental Insurance	0	202	202	202	202	202
5150450 - Medicare Taxation	0	15	15	15	15	15
5150500 - OASDI	0	64	64	64	64	64
5150630 - Retirement - Public Employees - Miscellaneous	0	257	257	257	257	257
5150700 - Unemployment Insurance	0	2	2	2	2	2
5150800 - Workers' Compensation	0	28	28	28	28	28
Total Staff Benefits	\$0	\$568	\$568	\$568	\$568	\$568
Total Personal Services	\$0	\$1,593	\$1,593	\$1,593	\$1,593	\$1,593

Analysis of Problem

A. Budget Request Summary

This proposal requests an augmentation of \$1.707 million General Fund in Budget Year 2016-17 and \$1.701 million General Fund annually thereafter for the California Department of Veterans Affairs (CalVet), Veteran Services Division (VSD) to fund 16.0 existing, but unfunded, positions and reclassify 4.0 positions. The funding will support the District Offices in Los Angeles, Oakland, and San Diego to ensure that California's veterans and their family receive proper federal claims representation as well as receive their federal benefit awards in a timely manner. Additionally, the funding will enable the CalVet to provide increased oversight and accountability of the county veterans service officers (CVSOs) throughout the state who receive state support through the County Subvention and Medi-Cal Cost Avoidance Programs.

B. Background/History

The VSD is tasked with connecting California veterans and their families with the benefits and services earned through their sacrifice and service to our country. To perform this critical mission, the VSD provides advocacy, education, and service assistance to veterans as they attempt to access their state and federal benefits. In 2015-16, the CalVet is appropriated a total of \$353.3 million General Fund for state operations; of that, the VSD, Claims Representation, is budgeted \$7.1 million General Fund for state operations to contact and connect 1.8 million veterans and their family members throughout California to services and benefits earned in their military service.

CalVet District Offices

The CalVet manages three District Offices throughout the state, which are co-located within the United States Department of Veterans Affairs (USDVA) Regional Offices in Los Angeles, Oakland, and San Diego. When a veteran or family member chooses to provide the CalVet with power of attorney (POA) over a claim, one of the three CalVet District Offices will represent the veteran or family member in the submission and appellate process for a USDVA benefit claim. The CalVet maintains power of attorney (POA) for about 40 percent of USDVA claims in California, which amounted to approximately 59,000 claims in fiscal year 2014-15 filed by CVSOs and the CalVet.¹ The CalVet's role as the POA representative for the veteran claimants is to ensure the veterans and their families receive competent claims representation.² To do this, the CalVet District Offices:

- Provide expertise for actions on federal claims or appeals, state benefits, and a variety of other resources for veterans and their families by directly assisting the public and CVSOs via phone, e-mail, and walk-in services. Request additional evidence from the veteran, as USDVA commonly sends the CalVet and the veteran letters requiring additional documentation. The CalVet explains and educates the veteran or family member about what specifically will make their claim ready to receive a USDVA decision to help avoid the claim from going into the USDVA backlog. The CalVet also contacts medical providers when necessary to assist the veteran in gathering required evidence. Once complete, the CalVet then forwards the claims to the USDVA Regional Office for adjudication and rating.
- As the POA, the CalVet has 48 hours to review the USDVA rating decision for each claim prior to it being promulgated. If the rating is not commensurate to the veteran's claim, the CalVet will respond to the USDVA on behalf of the veteran. Prompt response during the 48-hour review period is critical in order to avoid the claim from entering the appeals process if a discrepancy or error is found at a later date.
- Represent the veteran when he or she chooses to enter the appellate process. The CalVet assists the veteran with research and documents required in preparation for a hearing before the USDVA Regional Office- Appeals Management Center. Depending on the decision, the CalVet may elevate the appeal for a hearing before the Board of Veterans Appeals. Title 38, United States Code, and Title 38, Code of Federal Regulations Section 14.632(b) states that accredited representatives shall: "Provide claimants with competent representation before VA.

¹ Source: Data from VetPro claims case management system for all CalVet POA claims.

² Code of Federal Regulations, Title 38, Chapter 1, Part 14, Sections 628-633.

Analysis of Problem

Competent representation requires the knowledge, skill, thoroughness, and preparation necessary for the representation. This includes understanding the issues of fact and law relevant to the claim as well as the applicable provisions of title 38, United States Code, and title 38, Code of Federal Regulations; Act with reasonable diligence and promptness in representing claimants. This includes responding promptly to VA requests for information or assisting a claimant in responding promptly to VA requests for information.” As the POA, the CalVet provides the veteran case management for the rest of his or her life and is responsible for filing additional claims for benefits as a veteran’s condition may worsen with time.

In addition to these basic functions, the CalVet District Office staff provide a wide variety of support to California’s veterans, their families, CVSOs, USDVA, and Veteran Service Organizations. The requested positions are critical for the state to maintain proper oversight of claims and appeals for California’s veterans and their families.

The Budget Act of 2013 included an additional \$3.0 million General Fund allocation and 36.0 limited-term positions for three years to the CalVet to initiate the Joint Claims Initiative. The Joint Claims Initiative is a partnership between the USDVA and the CalVet, which formed a 12-person “Strike Team” in each of the three District Offices, designed to reduce the backlog of pending initial entitlement claims. The Budget Act of 2015 made permanent the 36.0 limited-term positions. However, the associated funding is set to expire June 30, 2016. This proposal requests funding for 16.0 out of the 36.0 positions as well as funding to reclassify 4.0 existing positions.

CVSO Auditing Responsibilities

The CalVet County Subvention Program reimburses counties for a portion of their administrative costs and for workload units performed on a semi-annual basis. Funds are distributed on a pro rata basis using allowed subvention units. Auditing of the submission from the counties is a requirement³ to ensure the accuracy of distribution of funds. The auditing process includes a complete visual and electronic analysis of reported workload units in order to detect abnormalities, improperly claimed activities, missing and/or duplicative reporting, and other procedural errors. As necessary, the auditor performs an in-depth detailed audit of individual records in order to support audit findings. Regularly, the auditor performs sample, or spot, audits of College Tuition Fee Waivers for veteran dependents to ensure CVSOs are properly approving and denying those benefits.

The Bureau of State Audits (BSA)⁴ reported in 2009 the need for the CalVet VSD to improve the oversight of the CVSO County Subvention Program. The California State Auditor conducted a follow-up audit in July 2015, and Report 2015-15 states, “Veterans Services does not adequately audit the data used to determine the CVSO’s funding, and it lacks procedures for conducting these audits.” The CalVet has since completed a 90-page desk procedure to include sample audits, but is not currently able to audit all CVSOs as described in the procedure manual each year.

³ California Code of Regulations. Title 12, Division 2, Chapter 3, Subchapter 4.

⁴ Bureau of State Audits, California Department of Veterans Affairs: *Although It Has Begun to Increase Its Outreach Efforts and to Coordinate With Other Entities, It Needs to Improve Its Strategic Planning Process, and Its CalVet Home Loan Program Is Not Designed to Address the Housing Needs of Some Veterans*, October 2009, Report 2009-108, pp 47-49

Analysis of Problem

Workload History

Workload Measure	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 ⁵
Number of auditable claims filed with CalVet POA (not indicative of entire workload) ⁶	34,011	32,382	30,725	34,443	59,105	60,000
Number of hearings for appeals at CalVet District Offices	No data ⁷	No data ⁷	187	243	286	343
Number of California appeals pending ⁸	17,041	17,857	16,974	16,694	16,335	16,500
Percentage of rating decisions reviewed	No data ⁷	No data ⁷	No data ⁷	45%	61%	65%
Number of CVSOs whose workload CalVet is required to audit	56	56	56	56	56	57
Number of sample audits performed on CVSOs (out of 57 as of 2015-16)	0	0	0	0	0	3

C. State Level Considerations

This proposal is aligned with CalVet's Strategic Goals and Objectives.

Strategic Goal: Increase the accessibility and utilization of benefits and services through advocacy and education.

Objective B: Connect veterans with the services they need through outreach and advocacy.

Objective C: Ensure ongoing support for our veterans and their families through continuous communication.

Among the associated strategic initiatives for this objective are:

- Improve the quality of claims filing assistance for California's veterans and their families.
- Improve the quality of claims representation during the appellate process for California's veterans and their families.
- Improve the data analysis and reporting of the veterans claims representation performed at the District Offices.
- Improve the demands of workload management equivalent to USDVA increase in claims productivity.

D. Justification

Claims and Appeals Representation

This proposal requests resources for 16.0 existing, but unfunded, positions and the reclassification of 4.0 positions. Of those resources, 15.0 positions and 3.0 reclassified positions will be located in the VSD District Offices as indicated in the following table.

⁵ 2015-16 amounts are projections based on claim activities submitted in the first six months of 2015-16.

⁶ VetPro report. The CalVet is able to report auditable claims for disability compensation submitted through VetPro for the CalVet subvention program. This number is low compared to the actual workload of the District Offices because it does not include the numerous other types of claims activities District Office staff complete such as USDVA appeals, claims for burial, pension, education, and health care.

⁷ The CalVet District Offices did not start recording workload in each office until 2012-13.

⁸ USDVA Monday Morning Reports, June of each year.

Analysis of Problem

Table 1 – Current and Proposed Positions

Location	Currently Projected 2016-17 Position Funding	Requested 2016-17 Funding in this Proposal	Total 2016-17 and ongoing Positions if Proposal is Approved
Los Angeles	1 Staff Services Manager (SSM) I 4 Associate Governmental Program Analysts (AGPA) 1 Office Technician, Typing (OT(T))	Reclassify SSM I to SSM II 5 AGPAs	1 SSM II 9 AGPAs 1 OT(T)
Oakland	1 SSM I 5 AGPAs 1 OT(T)	Reclassify SSM I to SSM II 7 AGPAs	1 SSM II 12 AGPAs 1 OT(T)
San Diego	1 SSM I 2 AGPAs 1 OT(T)	Reclassify SSM I to SSM II 3 AGPAs	1 SSM II 5 AGPAs 1 OT(T)

The workload in each of the three District Offices is not commensurate with the funded number of personnel at each office. Responsibilities of accredited organizations such as the CalVet include assistance with developing and filing veterans claims to ensure they are complete and accurate, as well as consultation and ongoing training for CVSOs to do so; review of the initial USDVA rating decision prior to promulgation; representation in the appeals process if the veteran disagrees with the rating decision; and numerous other support and customer service functions to elected officials, veteran partners, and the public to assist veterans in obtaining the benefits they earned through their service in the military.

The table below shows the disproportionate number of veterans per region for each of the CalVet's District Offices. Without the ongoing funding for 15.0 positions, only 11.0 total claims personnel would be servicing the 1.8 million veterans in California.

Table 2 – Veteran Population per Region

Location	Veteran Population for Region ⁹	Number of Veterans per Projected 2016-17 Funded Claims Staff in Region	Number of Veterans Per Claims Staff With Approved Proposal
Los Angeles	549,190	137,298	61,021
Oakland	761,620	152,324	63,468
San Diego	491,636	245,818	98,327

California has the ability to meet this obligation through the funding of these positions which not only meets the CalVet's moral responsibility to the California residents that left the safety and security of the home and community to serve a greater cause, but has also proven to be a fiscally sound strategy that brings federal dollars and health care support for these veterans and their families that would otherwise seek state and county services.

Return on Investment

As an example, the Joint Claims Initiative efforts, from September 2013 through February 25, 2016, expedited processing of \$105.3 million in lump sum payments (meaning retroactive payments based on the time the claim has been sitting at the USDVA) and monthly award payments totaling \$14.6 million to California veterans. Annualized, that is expedited processing of \$175.2 million in payments going to California veterans every year for the rest of their lives.

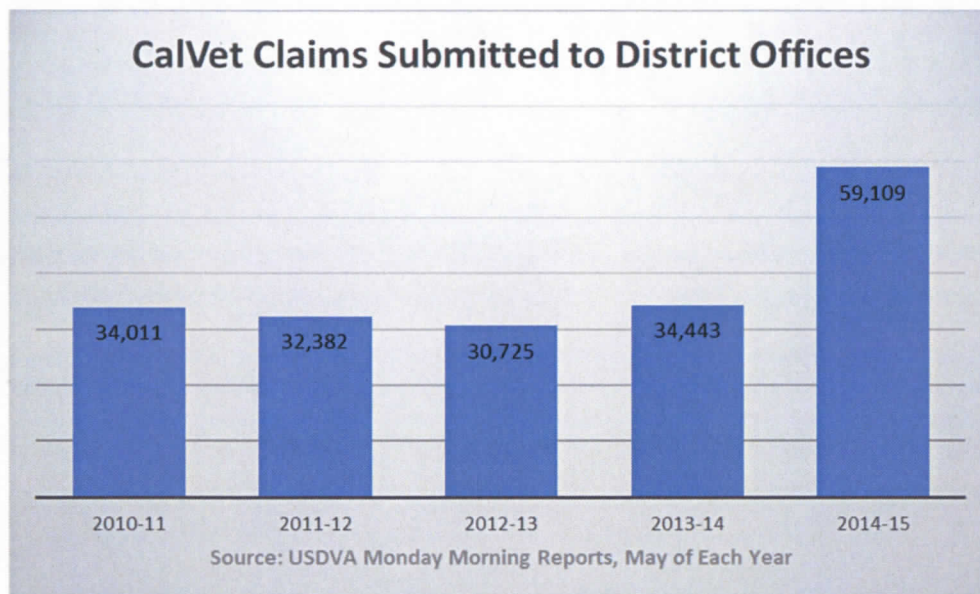
Increased Workload

As the POA for veterans claims, the CalVet has a responsibility to oversee all CalVet claims and ensure they are complete upon submission to the USDVA. The 11.0 permanently-funded claims representative positions at the District Offices cannot continue to fulfill this responsibility without 15.0 of the positions authorized in the Budget Act of 2015. Without funding for the 15.0 positions, the CalVet will not be able to review any incoming initial entitlement claims for compensation from CVSOs, which

⁹ USDVA VetPop 2014, as of September 30, 2014.

Analysis of Problem

has dramatically increased 71.6 percent from 2013-14 to 2014-15 (34,443 claims in 2013-14 and 59,105 claims in 2014-15)¹⁰. The number of incoming claims will remain at the 2014-15 level due to the 2015 appropriation of \$5.6 million ongoing to CVSOs for outreach and increase claims assistance for veterans filing claims.



Training and Assistance for CVSOs

The CalVet District Office staff provides training in many forms to the CVSOs to ensure the claims filed are complete and accurate.

As the CalVet is currently funded for only 11 claim representative positions, the CalVet has only been able to fulfill these critical training duties for the past two fiscal years with the 3-year appropriation for the 36 positions. If this proposal is not approved, these training programs will no longer be feasible.

- **CalVet-Sanctioned Training Conferences** – In 2015-16, the CalVet will provide \$712,500 in General Fund subvention/local assistance annually (\$12,500 for each CVSO) to attend three sanctioned training conferences. The CVSO director and their lead or supervisory claim representatives are expected to attend in order to receive the funding. The CalVet District Offices coordinate and schedule training sessions based on the common mistakes and questions received from CVSOs in an effort to improve the knowledge, skills, and abilities of all CVSO staff filing claims for veterans. Typical presenters include USDVA personnel, CalVet District Office staff, and other subject matter experts approved by the CalVet.
- **California Veterans Service Representative Academy (CVSRA)** – The CalVet District Office staff develop and deliver a standardized training curriculum involving five days of classroom training, three months of on the job training, and an exam at the end of the period. The intent of the CVSRA is to train and prepare a Veteran Service Representative (VSR) for the job of preparing veterans claims for benefits, instilling in each VSR the working knowledge of federal, state, and local veteran benefit programs and to provide each VSR the knowledge and skills necessary to pass the CalVet accreditation examination as approved by the USDVA.
- **Continuing Education Units** – CVSO personnel who are already accredited are required to complete three hours of qualifying Continuing Education Units each year to maintain accreditation. The CalVet District Office Staff develop and deliver the training curriculum three times a year to CVSO staff.

¹⁰ Source: Data from VetPro claims case management system for all CalVet POA claims.

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- **Continuous Training and Feedback** – The CalVet District Office staff contact CVSOs on a continuous basis with direct feedback regarding incomplete or incorrect claims submitted; receive approximately 28,000 phone calls from CVSOs and the public each year; provide a monthly discrepancy list to the CVSO managers to summarize training opportunities for their office; provide monthly webinars with CVSOs to discuss frequently asked questions and common mistakes; and provide one-on-one on-site training to CVSOs when requested or recommended by the CalVet due to the number of discrepancies received.

CalVet Training Accomplishments

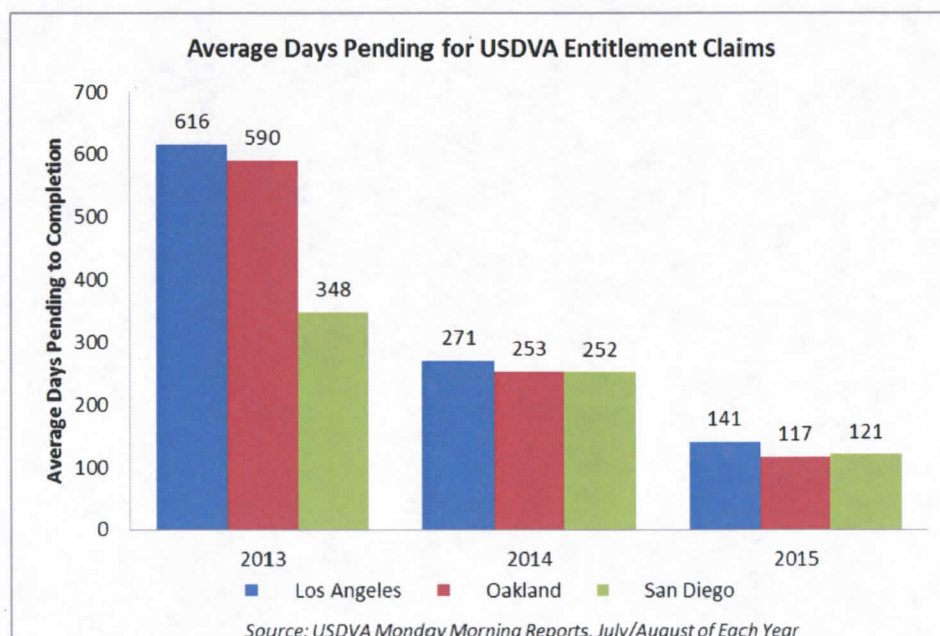
Success as a result of the vast amount of training the CalVet District offices provide to CVSOs shows in the large increase in the number of Fully Developed Claims (FDC) submitted by CVSOs. The USDVA developed the FDC program in 2010 to reduce the wait time for receiving an award of federal benefits; but in order to do so, the USDVA requires the veteran to submit all required documentation with their initial claim form in order to expedite the rating decision and award to the veteran. This requirement places the burden of expertise on the veteran. Instead of the veteran completing the process on their own, a veteran representative such as those accredited at the CVSOs should assist the veteran in completing their claim.

Much success for this program has been achieved. In 2012-13, the percent of new incoming claims filed as FDC was only 18 percent. In 2013-14, 41 percent of all incoming claims were FDC. The additional staff at District Offices for the past two years play a significant part in reducing the wait time for California veterans by training CVSOs to properly develop new incoming claims to leverage the FDC program and provide direct claims assistance to complete the claims to be ready for the USDVA to rate instead of resulting in a delayed claim.

Initial Entitlement Claims Decreased Wait Times

The average number of days to completion California veterans were waiting for new initial entitlement claims in July 2013 was 616 days in Los Angeles, 590 days in Oakland, and 348 days in San Diego. As of August 27, 2015 the average days pending for all CalVet initial entitlement claims decreased to 141 days Los Angeles, 117 days in Oakland, and 121 days in San Diego. As of January 28, 2016, the average days pending for claims in the FDC program was down to 112 days in Los Angeles, 83 in Oakland, and 82 in San Diego. The decrease in wait time for initial entitlement claims is partially due to the CalVet District Office staff review of incoming claims for completeness.

Figure 1 - Average Days Pending for USDVA Entitlement Claims with CalVet POA



Analysis of Problem

Ongoing Consultation to CVSOs and the Public

In addition to the training programs provided to CVSOs, the CalVet District Office staff provide ongoing consultation to CVSOs and the public. As noted in Table 2, the number of walk-ins and phone inquiries for CVSOs and the public is considerably high. Because the CalVet District Offices reside in the same building as the USDVA, many of their public counter clients are sent to CalVet District Offices for referrals and assistance with other veteran-related services and benefits. Three District Offices assist over 6,800 walk-in veterans with filing new claims or actions on their appeals each year. The District Office accredited claims representatives also review and analyze incoming mail because it includes claims and documents from counties, veterans, medical providers, and USDVA—the mail cannot just be opened and sorted. The assistance and customer service provided at the CalVet District Offices is critical to CalVet's mission to "Serve California's veterans and their families." This proposal would enable the CalVet to permanently service more veterans in a timely manner.

Table 2 – Veteran Services Workload

Location	Average number of phone calls received per month	Avg. number of phone calls answered per month	Average number of walk-ins per month	Average number of mail pieces received per month
Los Angeles	1,122	99	287	888
Oakland	1,071	449	258	1,524
San Diego	177	110	22	885
Total	2,370	658	567	3,297

Ongoing Appeals Workload

One of the primary duties of the CalVet District Office staff is to represent veterans when their claim enters the appeals process. The workload requirements of the District Offices are significantly impacted by the exponentially high appeals inventory. The number of appeals is expected to increase due to the USDVA expediting the process of the backlogged claims in recent years, which has resulted in a large and stagnant number of appeals—veterans are waiting as long as 15 years, but on average 4-8 years, for decision on appeals. The need to properly review rating decisions to prevent claims from entering the appellate process will remain a permanent requirement. Due to workload, the permanently-funded staff at the CalVet District Offices are not able to complete all requirements to properly represent veterans.

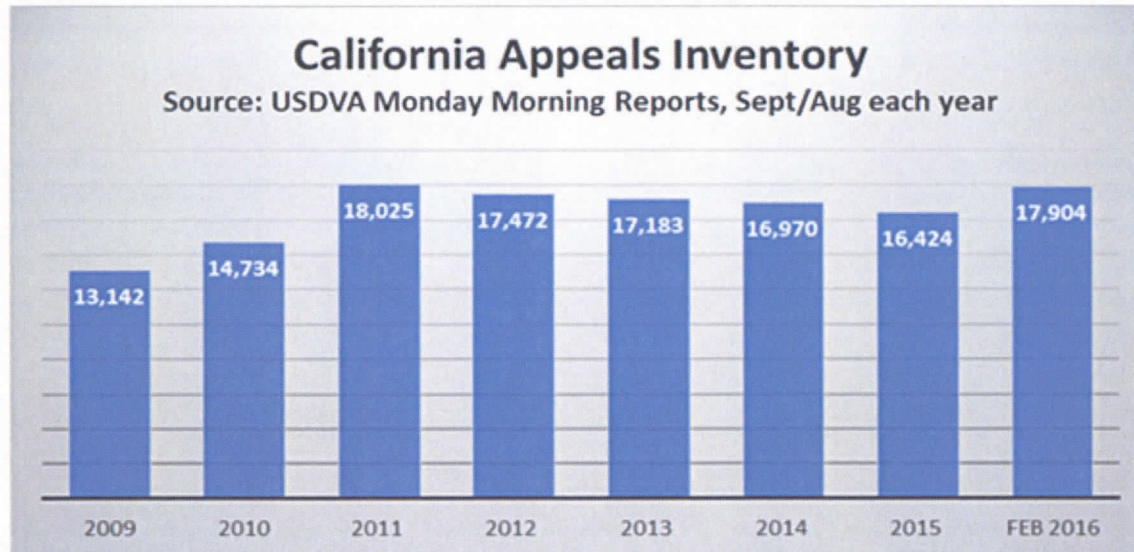
If a veteran does not agree with the award the USDVA grants, they may appeal the decision. The CalVet staff represents and assists the veteran through the appeals process. The workload for appeals varies greatly, based on the complexity and number of issues in the claim (see Table 3). There are forms that must be completed and submitted in a strict timely manner, such as the Notice of Disagreement and Statement of Accredited Representative in Appealed Case (VA Form 646). Research and careful review of each case (some as complicated as 42 issues) must be completed prior to responding and representing the veteran in a hearing with the Board of Veterans Appeals. There is an average number of hearings per month (column 4 and 5), but also typically one extremely busy month when the Board of Veterans Appeals Travel Board is at the Regional Office to conduct in person hearings en masse (column 6).

The first four months of 2015-16 have shown a dramatic increase in appeals workload. The average number of VA Form 646s received per month in Oakland for 2014-15 was 15; in just the first four months of 2015-16, Los Angeles and Oakland District Office has received an average of 19 per month. In addition, the USDVA has also recently started to schedule "standby" appeal hearings to decrease the number of no-show hearings. What this means for the District Offices is that the workload increases another 50 percent in regards to preparation for hearings each month. For January 2016, 50 hearings were scheduled for the veterans in the Oakland District Office region. This workload would be completely unmanageable with only the permanently funded positions and would be a disservice to veterans appealing the USDVA's decision on their benefits without the funding for 15.0 positions.

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Table 3 – Appeals Workload

1. Location	2. Average Number of VA Form 646s received per month	3. Percent of 646s reviewed per month with current funding	4. Average Number of Hearings per month FY 14/15	5. Average Number of Hearings per month in FY 15/16	6. Number of Hearings in Travel Board month
Los Angeles	40	65%	6	19	22
Oakland	43	83%	15	19	36
San Diego	8	95%	3	10	0



The inventory for California veterans' appeals has remained steady amidst the drastic increase in incoming claims. The CalVet staff ensures the claim has all forms, signatures, and required evidence prior to submitting the claim to the USDVA. This involves working with the CVSO and directly with the veteran to obtain the necessary documents and can take weeks of interaction for one claim to complete. The number of appeals in California remains lower than Texas, despite a similar veteran population size. The consistently-lower inventory of appeals amidst the large entitlement inventory shows the efficacy of the review of all incoming entitlement claims by the District Office staff, because veterans are not filing an increased number of appeals, even though the inventory of entitlement claims has increased.

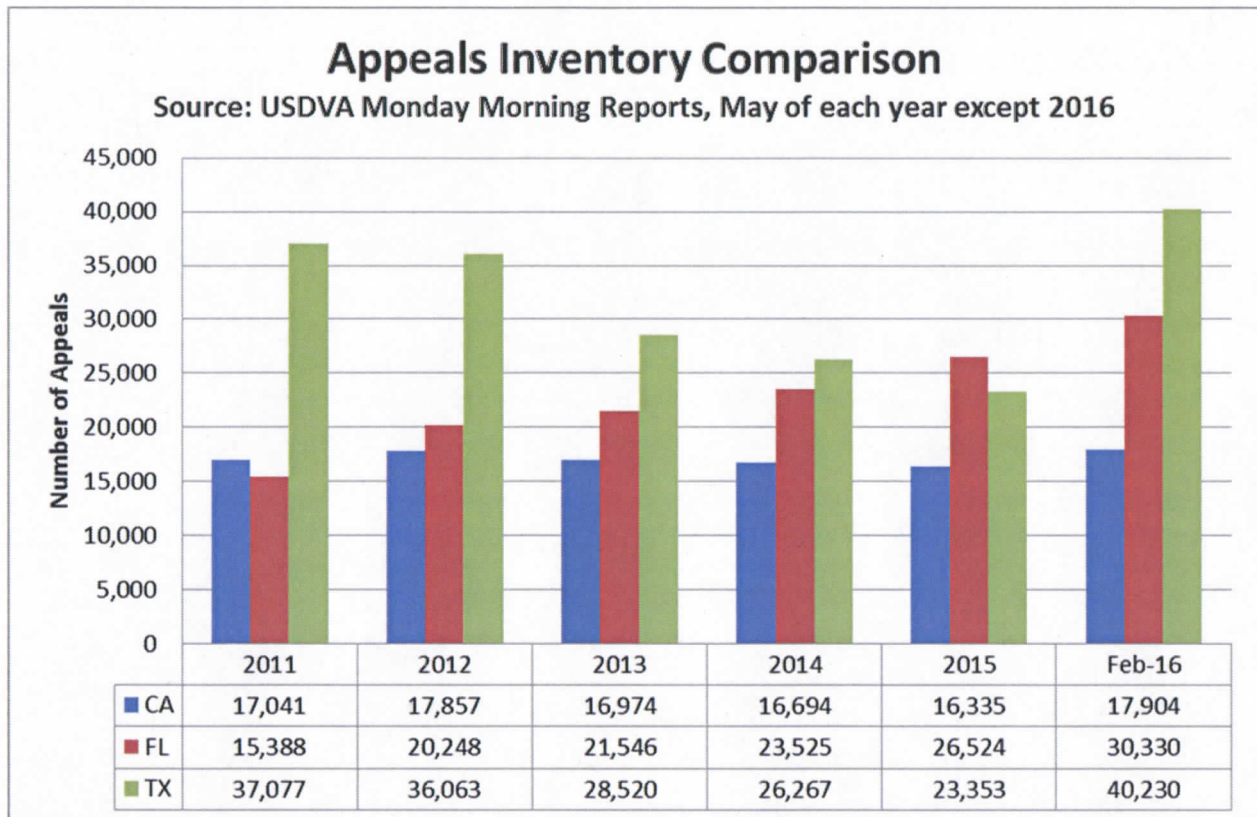
Comparison of Appeals Inventory (FL, CA, TX)

The chart below compares the appeals inventory for California, Texas, and Florida. All three are comparable in regards to veteran population¹¹, but California has the most.

- CA: 1,851,470
- TX: 1,583,697
- FL: 1,680,418

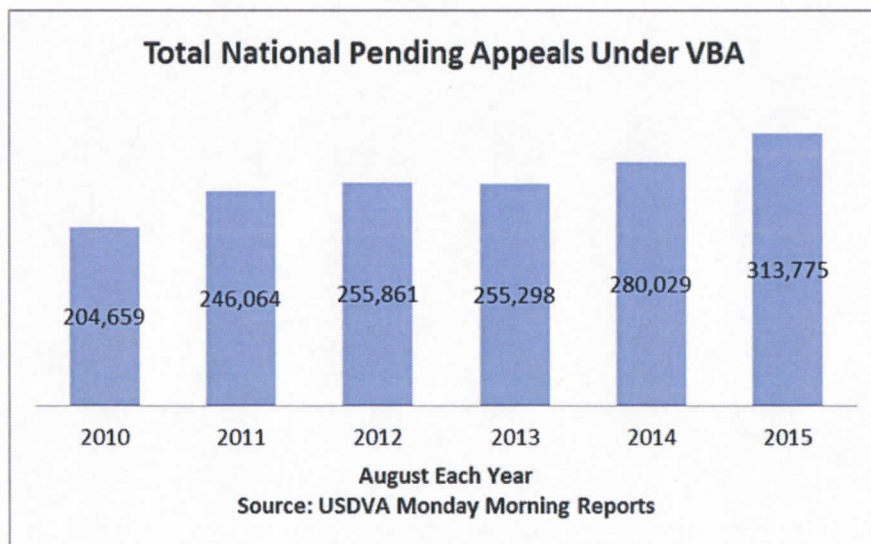
The effectiveness of the CalVet District Offices' difference in operational structure to include a review of incoming claims is evident. The CalVet structure and process has minimized the number of appeals filed by California veterans, especially in comparison with Texas (who does not review incoming claims for quality) as well as Florida.

¹¹ USDVA VetPop 2014, as of September 30, 2014.



The appeals inventory is expected to remain high and is projected to increase in the next few years due to the expedited ratings given to clear the backlog in recent years and the implementation of the national work queue. The national work queue will allow the USDVA to work California cases in other states and the volume of rating decisions will increase along with the volume of appeals.

From August 2010 to August 2015: USDVA's appealed claims have grown nationally from 204,659 to 313,775, an increase of 53 percent.¹²



Increasing Rating Decision Reviews Workload

As previously noted, the CalVet, as a veteran's POA, has 48 hours to review preliminary USDVA claim rating decisions. If the rating is not commensurate to the veteran's claim, the CalVet will respond to the USDVA on behalf of the veteran. Prompt response during the 48-hour review period is critical in order to avoid the claim from entering the appeals process if a discrepancy or error is found at a later date.

¹² USDVA Monday Morning Reports

Analysis of Problem

Although the 48 hour review requirement of the USDVA is not codified, the Regional Offices of the Veterans Benefits Administration strictly adhere to the 48 hour timeframe from the M21-1MR Adjudication Procedures Manual in order to “keep the claim moving” in an attempt to reach and maintain the USDVA goal of adjudicating claims within 125 days. The decision document “disappears” after 48 hours and the CalVet cannot access it. Attempts to increase the review period with the Regional Offices have not resulted in action on Veterans Benefits Administration’s part, due to it being a national standard.

This review is critical to the outcome of a USDVA award for compensation benefits. For example, at the Oakland District Office, the CalVet staff requests a correction of the decision on an average of 4 occurrences each month out of 210 total rating decisions reviewed. The USDVA has a high standard of quality assurance, but errors do occur and correcting these errors can make a significant difference in those veterans’ awards. An example of the types of corrections made to claims prior to adjudication includes when CalVet staff correct the exclusion of claimed and validated medical issues on the award decision by the USDVA.

Another example of an error corrected through this review process is incorrect dates for new incoming FDCs submitted under USDVA Fast Letter 13-17. This policy entitles the veteran to an additional 12 months of retroactive pay for submitting a FDC when all criteria is met. The average monthly award is \$832, or \$9,984 per year. If the USDVA did not date the claim as instructed in the Fast Letter 13-17, CalVet’s correction would help the average veteran to receive \$9,984 more retroactive pay than they otherwise would have received on the initial claim.

With an average of about 1,000 rating decisions received each month, and each rating decision taking on average 30 minutes to review, additional authorized District Office staff need to be funded ongoing. In addition to the majority of cases that are in appellate review, CalVet staff has noted that when they review a case for an appeal, there are incidents where a simple mistake could have been caught if the rating decision was reviewed properly prior to it being adjudicated. The number of rating decisions received monthly for each location is listed in the next table.

Table 3 – Rating Decisions Workload

Location	Number of Monthly Rating Decisions Received	% of Rating Decisions Reviewed <u>Without</u> Approved Budget Proposal	% of Rating Decisions Reviewed <u>With</u> Approved Budget Proposal
Los Angeles	353 rating decisions/month	50%	90%
Oakland	421 rating decisions/month	50%	90%
San Diego	198 rating decisions/month	75%	100%

Position Classification Determination

The Strike Teams are currently comprised of Veterans Claims Representative (VCR) I and VCR II classifications. After evaluation of their job duties, the analytical requirements do not properly align with the VCR classification, but rather the analyst series for Associate Governmental Program Analyst (see Workload Analysis). To properly align the duties and the job classifications, the positions need to be reclassified. The current District Office managers are required to be permanently reclassified from SSM Is to SSM IIs in order to stay within California Department of Human Resources allocation guidelines for the number of staff they supervise. The allocation guidelines require a SSM I to manage between three and five staff while a SSM II may manage six to twelve staff and may have subordinate SSM Is.

CVSO Audit Oversight and Functions

This proposal requests one Associate Management Auditor (AMA) and the reclassification of an existing AGPA to an AMA to satisfactorily complete the CVSO auditing functions. The July 2015 State Auditor’s Report 2015-15 states, “Veterans Services does not adequately audit the data used to determine the CVSO’s funding, and it lacks procedures for conducting these audits.” To ensure that state funding to CVSOs is consistent with their actual workloads, the State Auditor recommended that the VSD develop and implement procedures to more thoroughly review the accuracy of the data in the CVSOs’ workload activity reports by reviewing the records that are the basis of the reports. As stated

Analysis of Problem

in the background, the CalVet is not currently able to fulfill all audit responsibilities for oversight for the CVSO subvention program, nor fully implement the recommendations of the State Audit Report 2015-505, due to only having one CalVet analyst to audit 57 counties for both claims activities as well as the College Fee Waiver for Veteran Dependents program twice each year. Although the existing staff is able to ensure workload units claimed by CVSOs are not double counted, the staff is only able to perform sample audits on approximately three to six counties each year (depending on their size) because of other required auditing duties. During the sample audit process, the CalVet requests additional feedback and a conference call to discuss any quality issues seen of CVSO workload activity. At this rate, all 57 counties would have a sample audit performed every 10 years. This rate does not provide proper oversight of state subvention funding.

Moreover, the number of claims that the existing staff must audit has increased by 71.6 percent from 2013-14 to 2014-15 because the \$3.0 million increase in CVSO subvention funding starting in 2013-14 and made permanent in 2015-16, enabled the CVSOs to hire more staff and file more claims.

Adding a full time AMA position would enable CalVet to perform sample audits on an estimated 15 additional counties each year. Also, the requested resources will provide recommendations for improving oversight of the CVSO workload and efficacy of the CVSO subvention program as well as perform other functions such as maintaining procedure documents for CVSOs, developing and maintaining internal desk procedures for the audit functions, auditing the workload units claimed by CVSOs, and auditing college fee waivers approved and denied by CVSOs.

E. Outcomes and Accountability

The approval of this proposal will enable the CalVet District Offices to properly represent and fulfill most responsibilities for the veterans who filed claims under the state's POA. With one more full time auditor, the CalVet would be able to perform sample audits on all 57 counties every 2 to 3 years.

The workload for the CalVet District Office staff has been increasing in recent years and is expected to continue for a variety of reasons, including the following:

- Veterans are more aware of benefits they may be entitled to than in past years.
- USDVA approving presumptive conditions for veteran issues.
- Large population of aging veterans with additional issues.
- Increase in veterans returning from the Iraq/Afghanistan wars; the average number of medical conditions is 13 for a single claim.
- Increased outreach efforts by the CalVet and USDVA.
- Increased outreach efforts by CVSOs using the \$3.0 million in additional ongoing subvention funding made permanent in the Budget Act of 2015.

F. Analysis of All Feasible Alternatives

1. Augment the VSD budget by \$1.707 million General Fund in 2016-17 and \$1.701 million General Fund annually thereafter to address the VSD's ongoing claims and audit challenges. The permanent funding of 16 positions, the reclassification of one AGPA to AMA, and the upgrade of the three District Office managers from SSM I to SSM II will ensure that the workload in the three District Offices is properly addressed in order to ensure that California's veterans receive the benefits to which they are entitled. The upgrade from SSM I to SSM II is due to the increase in personnel reporting to them.

Pros:

- Review of most incoming CalVet claims for quality prior to submission to the USDVA.
- 90 percent of rating decisions for CalVet claims would be reviewed.
- Full representation at USDVA claims appeal hearings for California's veterans.
- Increased quality of appeals representation and timely submission of required documents, such as the VA Form 646, for California's veterans.

Analysis of Problem

- All CVSOs would have a sample, or spot, audit performed every two to three years instead of every ten years.
- Overall increase in oversight and feedback to CVSOs in regards to submissions of workload units (claims activities) and College Fee Waivers for the County Subvention Program.

Cons:

- Additional cost to the General Fund.
2. Approve ongoing funding for 15 AGPAs and the reclassification of the current SSM I in each office to SSM IIs. Do not approve the AMA position to audit the CVSOs nor the reclassification of the existing AGPA to an AMA.

Pros:

- Review of most incoming CalVet claims for quality prior to submission to the USDVA.
- 90 percent of rating decisions for CalVet claims would be reviewed.
- Full representation at USDVA claims appeal hearings for California's veterans.
- Increased quality of appeals representation and timely submission of required documents, such as the VA Form 646, for California's veterans.

Cons:

- Additional cost to the General Fund.
 - The CalVet would perform sample, or spot, audits on CVSOs would occur about every ten years for each CVSO.
3. Approve ongoing funding for 15 AGPAs, 1 AMA, and the reclassification of an existing AGPA to an AMA. Do not approve funding to upgrade the three District Office managers from SSM I to SSM II.

Pros:

- Review of most incoming CalVet claims for quality prior to submission to the USDVA.
- 90 percent of rating decisions for CalVet claims would be reviewed.
- Full representation at USDVA claims appeal hearings for California's veterans.
- Increased quality of appeals representation and timely submission of required documents, such as the VA Form 646, for California's veterans.
- All CVSOs would have a sample, or spot, audit performed every two to three years instead of every ten years.
- Overall increase in oversight and feedback to CVSOs in regards to submissions of workload units (claims activities) and College Fee Waivers for the County Subvention Program.

Cons:

- Additional cost to the General Fund.
 - The CalVet Veteran Services Division would be at risk of out-of-class grievances due to California Department of Human Resources' allocation guidelines and the number of professional staff reporting to them.
4. Maintain Status Quo:

Pros:

- No additional cost to General Fund.

Cons:

Analysis of Problem

- The VSD cannot fund the 16.0 existing, but unfunded, positions or the reclassification of 4 positions without a budget augmentation.
- The District Offices may have to eliminate assistance to walk-ins due to the increasing number of incoming claims and steady workload of appeals. Service will be by appointment only and veterans may wait weeks to see a representative.
- Proper representation through completion of VA Form 646s for the appeals process will not be completed.
- The increasing number of hearings will not have proper, quality representation for the veteran. Staff will have to move through the proceedings with each veteran at a quick pace in order to keep up. Complaints will increase.
- Incoming claims will not be reviewed by the CalVet prior to adjudication, increasing the likelihood of a significant loss of award dollars and increasing the number of appeals.
- Only three to six CVSOs would have a sample audit performed to validate their records for their subvention payments each year.

G. Implementation Plan

May 2016 – Develop duty statements and post job openings.

June 2016 – Interview to fill positions.

July 2016 – Or upon approval of the Budget Act, reclassify existing positions and fill new positions.

H. Supplemental Information

The District Office positions' space will be provided by the USDVA. The AMA position will be housed at CalVet headquarters using existing office space and will require a computer and desk phone.

I. Recommendation

Approve Alternative 1, \$1.707 million General Fund in 2016-17 and \$1.701 million General Fund annually thereafter to fund 16.0 existing, but unfunded, positions and to reclassify 4.0 positions.

**Veteran Services Division Support
Workload Analysis**

Classification	Position Function	Location	Duties	Annual Hours	Start Date
Associate Governmental Program Analyst	Appeals Team	Oakland, Los Angeles, San Diego	Overview: Under general direction of the Staff Services Manager II of the District Office, the AGPA on the Appeals team provides assistance on behalf of veterans, their dependents, and survivors by evaluating and developing case files, presenting and appealing claims for benefits administered by the U.S. Department of Veterans Affairs (USDVA). These claims include a broad spectrum of governmental issues including: compensation for service-related disabilities, pension for non-service related disabilities, dependency and indemnity compensation, death pension, vocational rehabilitation, education, insurance, burial, outpatient treatment, medical, and dental care.		July-2016
			Statement of Accredited Representative in Appealed Case:		
			Review the file for all evidence and documents related to the original claim, request for increase, or reopened claim, Form 21-526-EZ, rating decision, Notice of Disagreement, Statement of the Case, issues on appeal, service treatment records, personnel records, and any other correspondence submitted by the appellant. Research applicable laws and regulations in 38 U.S.C., 38 C.F.R., M-21, and other applicable Board of Veterans Appeals decision for similar issues on appeal.	1,388	
			second Step - Complete Statement of Accredited Representative in Appealed Case, VA Form 646. Submit to VA Regional Office Appeals Team prior to the scheduled hearing (within 10 days of receipt of the Statement of the Case, or it expires). Contact veteran to discuss the VA Form 646 and explain the next step in the appeal process.	617	
			Appeal Hearings:		
			Review and Research Claimant's File - Gather, review, and analyze the information in the Notice of Disagreement, VA Form 9, VA Form 646, as well as any other evidence and correspondence to research the appellant's claim.	738	
			Develop Hearing Arguments: Develop clear, cogent, and convincing statements of justification for conclusions and decisions based on accurate and complete documentation. Collect, evaluate, and prepare evidence for the development of arguments on appeal, and be able to present these arguments effectively, both orally and in writing, at various administrative hearing venues including the USDVA rating board, Decision Review Officer hearings, and the Board of Veterans Appeals.	369	

**Veteran Services Division Support
Workload Analysis**

Classification	Position Function	Location	Duties	Annual Hours	Start Date
			Conduct Pre-Hearing Briefing: Prior to the scheduled hearing, meet with the appellant and give them an overview of the hearing process, discuss notes and written arguments for the hearing, and answer any questions. All questions that CalVet will ask the appellant during the hearing will be discussed.	369	
			Personal Appearance at Hearings: Represent the State as its accredited representative at administrative hearings; advocate for the veteran at personal appearances. Appear at administrative hearings as the claimant's counsel to present direct testimony, witnesses, and other evidence as argument for the needs and problems of veteran claimants.	554	
			Post-Hearing Briefing: Review and analyze the events of appeal and determine next steps with the veteran. Next steps could include opening additional claim(s) and/or gathering evidence to submit to the Board of Veterans Appeals.	369	
			Rating Board Activities: Exercise sound judgment in the use of interdisciplinary (legal, medical, occupational, etc.) factors when analyzing rating board determinations by utilizing a journey level knowledge of medical terminology, legal and medical procedures and their subsequent effect on the veteran's physical condition or legal/financial position. Obtain, develop, and analyze additional evidence to properly present the veteran's claim for benefits before the USDVA. Review rating board decisions for accuracy, reasonableness, and soundness. Properly apply USDVA rating schedules, diagnostic rating codes and interpret legal regulations in the appeal of adverse decisions. Prepare detailed written appeal briefs based on the analysis of current laws, the Statement of the Case, and acquired evidence/facts. Submit casework to the Board of Veterans Appeals in Washington, D.C. for administrative review and appeals decisions.	4,416	
			Correspondence/Inquiries: Analyze legal and policy issues in the preparation of responses to communications from State, County, Federal, and other public or private agencies. Provide assistance in disseminating information, providing technical interpretation and consultation while gaining and maintaining the confidence and cooperation of the correspondent. Maintain office files and a diary system initiated to keep accurate account of development and determination on claims. Counsel and assist veterans who need help with non-VA problems by assisting these persons with making contact with other agencies through the development of secondary resources or referrals.	1,333	

**Veteran Services Division Support
Workload Analysis**

Classification	Position Function	Location	Duties	Annual Hours	Start Date
			Training: Research USDVA regulations, military law, Court decisions, and USDVA general counsel precedent opinions, on cases where issues are novel or unusually complex using numerous resource materials in the legal and medical disciplines as they apply to veterans benefits and Departmental and USDVA procedures. Provide assistance and training to County Veterans Service Offices and other veterans organizations.	300	
			Ongoing Case management: Maintain office case management system to keep accurate account of appeals and claims review, development action and determinations.	369	
			Consultation to Walk Ins: Analyze legal and policy issues in the preparation of responses and recommendations related to appeals to communications from State, County, Federal, and other public, or private agencies. Provide assistance in disseminating information, providing technical interpretation of laws and regulations while providing consultation and gaining and maintaining the confidence and cooperation of the correspondent. Counsel and assist veterans who need help with non-VA issues by assisting these persons with making contact with other agencies through the development of secondary resources or referrals.	50	
			Other duties as assigned, including: counseling veterans, providing assistance at the public counter, answering telephone calls.	50	
			Total Hours	10,922	
			PYs @ 1,776 hours per year	6	

**Veteran Services Division Support
Workload Analysis**

Classification	Position Function	Location	Duties	Annual Hours	Start Date
Associate Governmental Program Analyst	Support Team	Oakland, Los Angeles, San Diego	Fully Developed Claims (FDC): Exercise sound judgment in reviewing the veteran's case file, by utilizing knowledge of medical terminology, legal and medical procedures and their subsequent effect on the veteran's physical condition, in order to obtain, develop and analyze additional evidence necessary to submit a complete claim under the FDC program. For claims that are not considered ready for submission as FDC, provide sound decisions and sufficient guidance to the veteran, or County VSO submitting the claim for the veteran, about the deficiency (information or evidence), and allow them the opportunity to obtain the evidence and submit their claim under the FDC program. The incumbent must also properly apply USDVA rating schedules, diagnostic rating codes and interpret legal regulations in reviewing completed Rating Decisions for accuracy, reasonableness and soundness, within the allotted 48-hour period. If there are inaccuracies to the Rating Decision, they make appropriate recommendations to the USDVA for correction of the Rating Decision, prior to its promulgation.	5,400	July-2016
			Routine Reviews: Review cases for routine form requests (i.e. computer-generated questionnaires), then develop for and obtain the necessary forms, thereby facilitating our clients' continuous and uninterrupted access to veterans' benefits.	3,600	
			Case management: Maintain office case management system to keep accurate account of claims submission, development action and determinations.	3,376	
			Consultation: With some guidance, analyze legal and policy issues in the preparation of responses to communications from State, County, Federal, and other public or private agencies. Provide assistance in disseminating information, providing technical interpretation of laws and regulations while providing consultation and gaining and maintaining the confidence and cooperation of the correspondent. Counsel and assist veterans who need help with non-VA issues by assisting these persons with making contact with other agencies through the development of secondary resources or referrals.	2,025	

**Veteran Services Division Support
Workload Analysis**

Classification	Position Function	Location	Duties	Annual Hours	Start Date
			Research: Research USDVA regulations, military law, Court decisions, and USDVA general counsel precedent opinions, on cases where issues are novel or unusually complex using numerous resource materials in the legal and medical disciplines as they apply to veterans benefits, as well as Departmental and USDVA procedures. Keep up to date with the changes in laws, regulations and procedural guidelines. Gather data from all submitted and reviewed claims then analyze and identify common trends that will assist the District Office in developing training guidelines and resources for dissemination to County Veterans Service Offices and veterans' organizations.	1,800	
			Total Hours	16,201	
			PYs @ 1,776 hours per year	9	
Associate Management Auditor	CVSO Auditor	Sacramento	Act as the subject matter expert in administering the subvention and auditing program. Plan, design, and carry out audit services for semi-annual reports for veterans claims and College Fee Waivers for Veteran Dependents submitted by CVSOs to include: independently reviewing pre-audit reports through VetPro, performing sample audits of auditable workload units to verify CVSO records, verify reconciliation of records for each county, determine the claims for subvention and Medi-Cal Cost Avoidance funding accurately reflect county work, develop and maintain desk procedures for auditing functions, communicate with CVSOs regarding findings individually and at training conferences. Use judgment to independently interpret and adapt guidelines such as policies, laws and rules, the Code of Federal Regulations, CalVet CVSO Subvention and Medi-Cal Cost Avoidance Manual, College Fee Waiver for Veteran Dependents Manual, and other established procedures to audit CVSO workload units and College Fee Waiver awards.	1,250	July-2016
			Develop recommendations to leadership regarding proposed changes to improve the subvention and Medi-Cal Cost Avoidance programs. Implement and educate CVSOs on management-approved changes. Coordinate program changes with supporting software contractors to ensure accurate implementation.	400	
			Coordinate with VetPro vendor and CalVet Information Services Division to conduct in-depth data analysis of benefits with recommendations to improving outreach and effectiveness of CVSO Subvention, Medi-Cal Cost Avoidance, and College Tuition Fee Waiver for Veteran Dependent Programs in meeting the needs of California's veterans and their families.	250	
			Total Hours	1,900	
			PYs @ 1,776 hours per year	1	